United States Department of Agriculture
Foreign Agricultural Service
Circular Series
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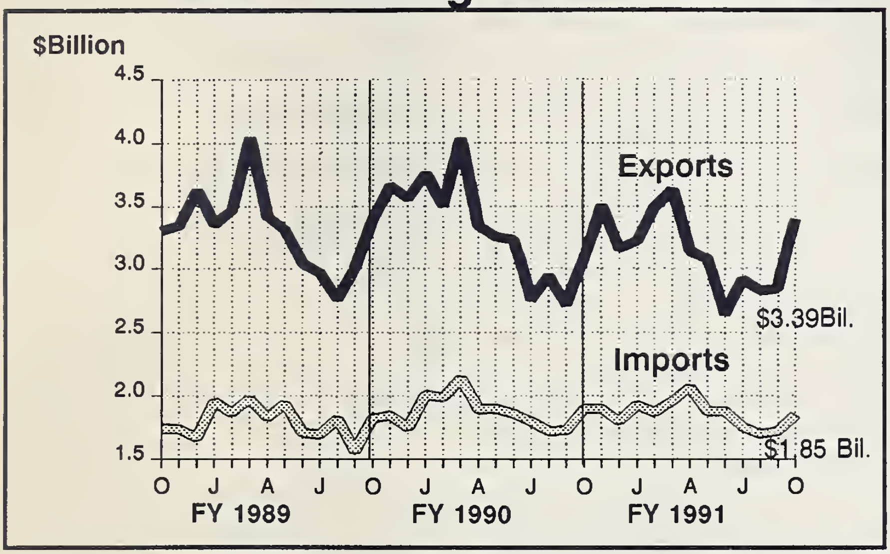
December 1991

AGRICULTURAL TRADE HIGHLIGHTS

October's Agricultural Exports Up 10 Percent in Strong Start for FY1992



October trade statistics released on December 19 by the Commerce Department placed the value of *U.S. agricultural exports* at $3.4 billion, up 19 percent from September and up 10 percent over the same month last year. Significant gains in wheat, corn, soybeans, and high-value products contributed to the month's improved performance. Export volume was up as well, rising 15 percent from September and 23 percent over last October, boosted by the increased shipments of bulk commodities.

At $1.4 billion, U.S. exports of *bulk commodities* rose 13 percent ($164 million) from October 1990. All of the big ticket commodities registered gains compared to last year, including wheat (up $103 million), coarse grains (up $83 million), and soybeans (up $115 million). Together, the gains in these three commodities totaled $363 million--more than the total gain in overall agricultural exports for the month. Fiscal 1992 forecasts indicate increases in most of the bulk commodities, most notably for wheat and soybeans.

At $744 million, *U.S. exports of intermediate high-value* products were down 4 percent ($31 million) from a year ago. Most of the drop can be credited to a 47-percent ($60 million) fall in live animal exports and a 26-percent drop ($21 million) in corn gluten feed shipments, which more than offset gains in soybean meal (up 56 percent or $32 million), animal fats (up 82 percent or $18 million), and planting seeds (up 26 percent or $12 million). For the year ahead, the outlook is mixed and will depend largely on the performance of soybean meal and oil, feeds and fodders, and hides and skins.

U.S. consumer-oriented exports started the fiscal 1992 year off strong, rising 17 percent, or $179 million over last October. These gains build on the successes seen during the past 6 years which have logged new record highs in each successive year. At $1.2 billion, October consumer-oriented exports registered the largest dollar gain over year-earlier levels of the three major categories. Broad-based gains were led by red meats (up $33 million), dairy products (up $28 million), processed fruit and vegetables (up $21 million), poultry meat (up $16 million), and snack foods and pet food (each up $13 million).

Trade performance with *the top 10 U.S. agricultural export markets* was mostly up for October, with only two countries slipping and eight advancing over year-earlier levels. The most significant gain was experienced by the Soviet Union (up 1044 percent or $191 million), which accounted for the majority (61 percent) of the overall increase for the month. Among the losers, the EC was the most notable, falling 9 percent or $60 million for the month, joined by Saudi Arabia, which fell by only 1 percent.

October trade statistics mark the beginning of the 1992 fiscal year. Initial USDA estimates place fiscal 1992 agricultural exports at $39 billion, up 4 percent, or $1.5 billion, from fiscal 1991's final trade figures. Increases are forecast across most commodity groups, including grains and feed (up $356 million), oilseeds (up over $500 million), and horticultural products (up nearly $500 million). Export volume is forecast to rise to 130 million tons, up slightly (65,000 tons) from fiscal 1991's final figure.

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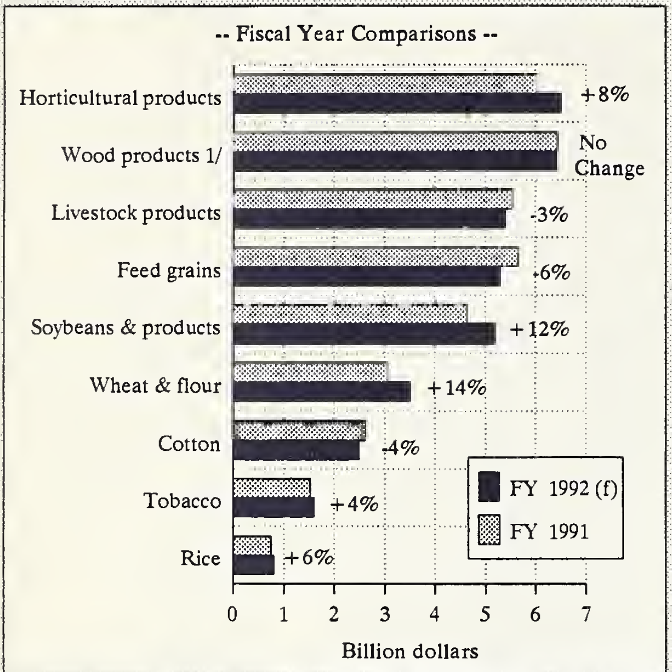
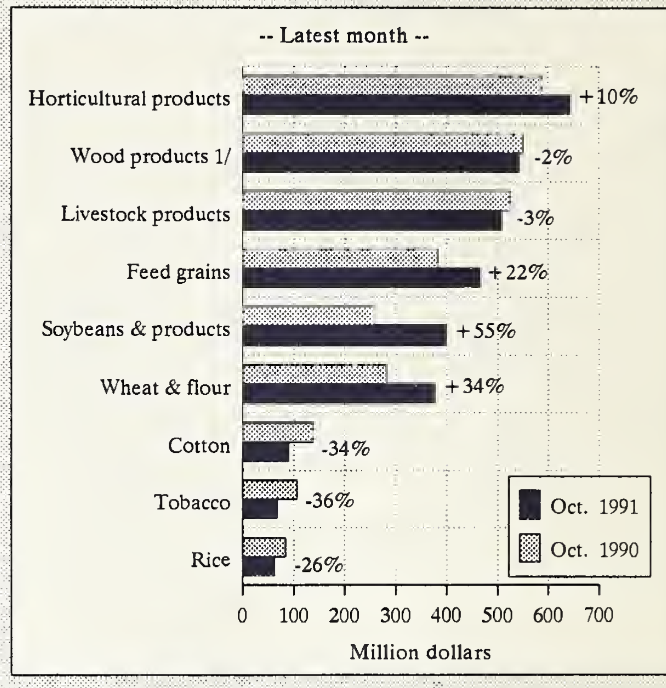
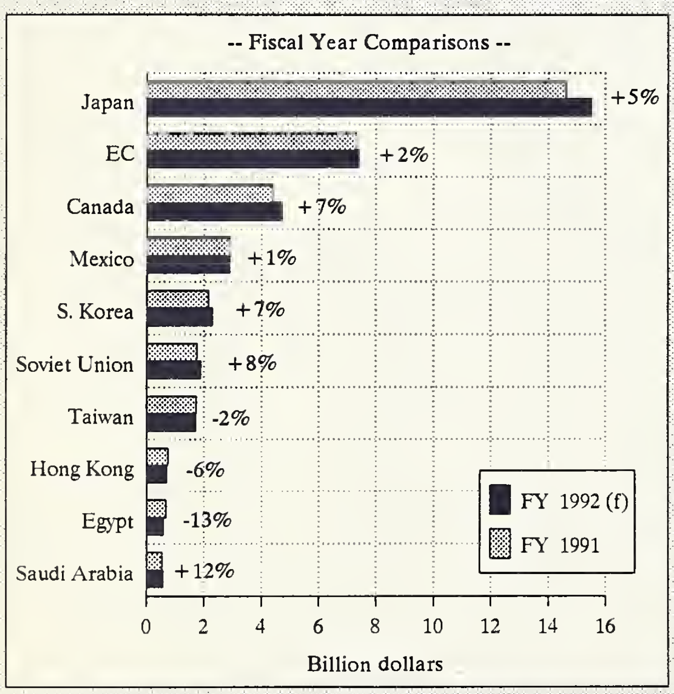
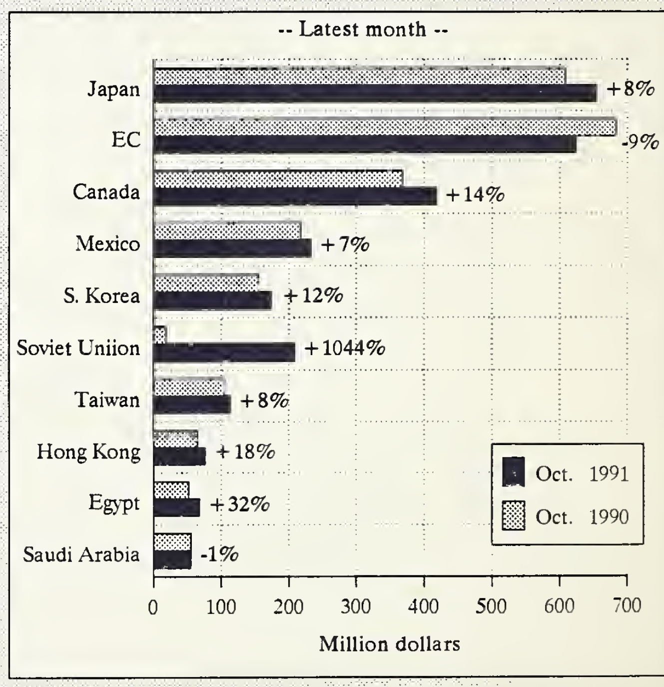




Top Ten Markets Summary





Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.

Commodity Highlights

Strong gains in exports of soybeans and products, wheat and flour, horticultural products, and feed grains helped to push October exports up 10 percent from a year ago--the highest level since last March.

Higher *wheat and flour* exports in October helped to start the year off on a positive note. Exports of $376 million (up 34 percent) and 3.4 million tons (up 44 percent) were up due to strong exports to Bangladesh (up $25 million), Egypt (up $25 million), the USSR (up $22 million), and Japan (up $18 million). In fact, the $95-million gain in wheat and flour exports accounted for over 30 percent of the increase in total agricultural exports from year-ago levels. For fiscal 1992, wheat and flour exports are forecast at $3.5 billion and 30.1 million tons, both up almost 15 percent.

Feed grain exports of $465 million and 4.2 million tons in October were also up in both value and volume. Substantial gains to the USSR (up $118 million) and to Japan (up $48 million), more than offset lower exports to other major markets, including Mexico, the EC, and Egypt. Feed grain exports in fiscal 1992 are forecast to be slightly lower than in 1991, down 6 percent to $5.3 billion on a 9-percent decrease in volume.

Horticultural exports were also strong for the month. At $643 million, October's shipments were up 10 percent from year-ago. Gains were wide-spread over most major markets, including Mexico and Japan, which were up nearly $10 million each. However, sales to the EC, the largest U.S. market for horticultural products, were unchanged at $170 million. Exports are forecast to increase 8 percent in fiscal 1992 to $6.5 billion, representing a new record high and accounting for 17 percent of total U.S. agricultural exports.

Exports of *soybeans and products* in October rose to $420 million and 1.1 million tons--up 55 percent in value and up 63 percent in volume from a year-ago. Soybean shipments were up $115 million (60 percent) while soybean cake and meal sales were up $32 million (56 percent). However, soybean oil exports were down 10 percent at $22 million. Strong exports to the EC (up $60 million), the USSR (up $46 million), Korea (up $25 million), and Japan (up $15 million) helped push up the total for the month. Soybean and product exports for fiscal 1992 are forecast to reach $5.2 billion, up nearly $600 million from the previous year.

Livestock and product exports in October were down 3 percent at $500 million. Slower sales to Japan and the EC more than offset slight gains to Mexico and Canada. Exports to Mexico rose to $80 million (up 89 percent) while those to Canada increased to $61 million (up 37 percent). Following last year's trend, exports to Japan continue to weaken, falling to $166 million for the month (down 9 percent). Likewise, with exports to the EC totaling only $42 million, shipments slipped 62 percent, mostly on exports to the United Kingdom. Livestock and product exports in fiscal 1992 are forecast at $7 billion, up slightly from $6.9 billion the previous year.

Exports of *rice* continued to fall in October. At only $63 million, exports were off $22 million (down 26 percent) on a 34-percent volume decline. Lack of exports to Turkey and Yemen compared to last October, and more than a 50-percent reduction in exports to Saudia Arabia and the Ivory Coast, offset some gains in other markets. The fiscal 1992 forecast for rice exports is $800 million, nearly unchanged from the fiscal 1991 export levels.

Exports of *cotton* reached only $90.4 million in October, down 34 percent from a year ago. This comes despite $16 million in additional exports to Egypt. Very weak exports to Japan, Korea, and the EC (each down $10 to $20 million), coupled with mixed exports to other markets led the decline. Export value is forecast down slightly for fiscal 1992 at $2.5 billion on an unchanged export quantity of 1.6 million tons.

Unmanufactured tobacco exports were also weak in October with shipments totaling only $68 million on 10,500 tons, down 36 percent in value and 30 percent in volume. Exports to Japan, normally the United States' largest market, fell $33 million to less than $5,000. Exports in other markets were mixed with strong exports to the EC of $43 million, up over 20 percent from a year-ago. Tobacco exports for fiscal 1992 are forecast at $1.6 billion, up slightly from fiscal 1991.

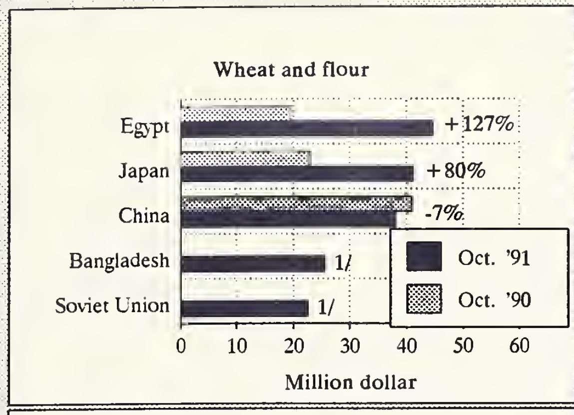
Exports of *wood products* of $543 million in October were relatively unchanged from a year-ago. Strong exports to Mexico and Canada, along with stable exports to the EC and Japan, offset declines in shipments to Korea and China.

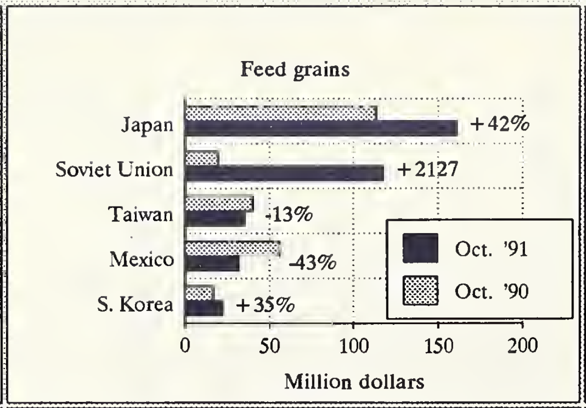
For more information, contact James Johnson at (202) 720-2922

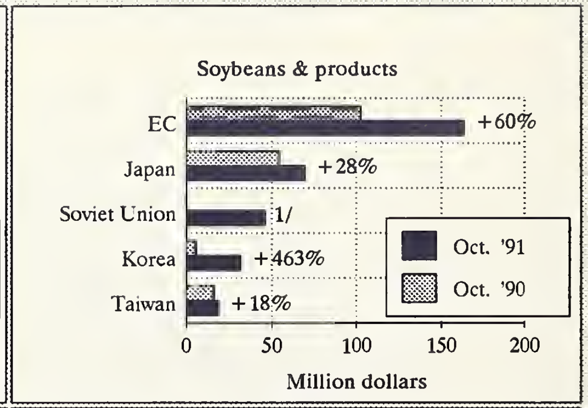
Note: Agricultural Trade Highlights will now be profiling U.S. agricultural imports on a quarterly basis. However, monthly statistics will continue to be reported in each issue. For a summary of October's imports, please see page 22.

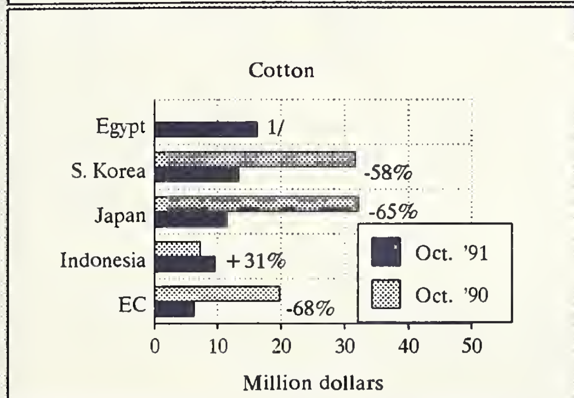
Top Five Markets for Major U.S. Commodities

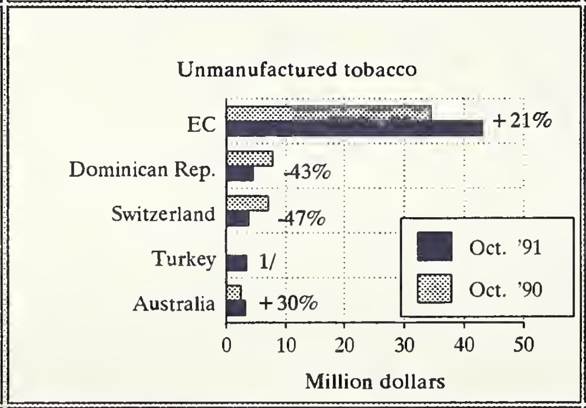
October Comparisons

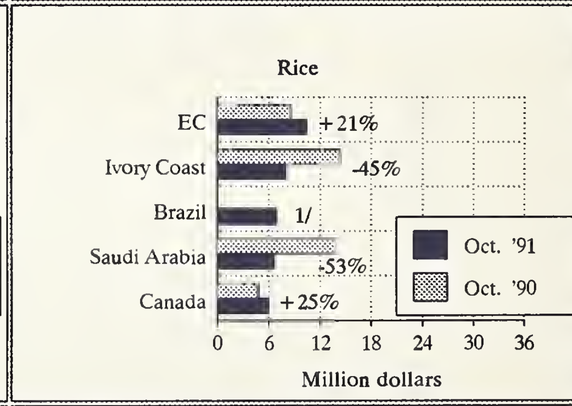


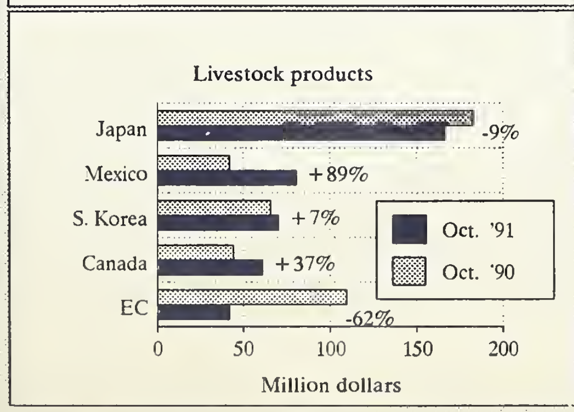


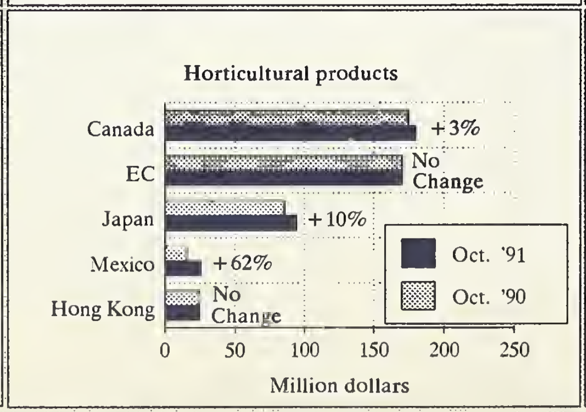


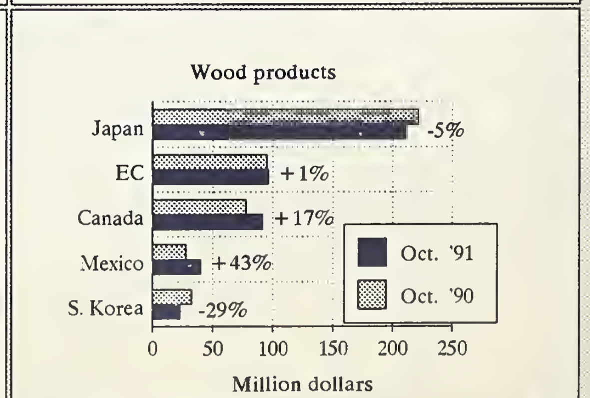












Note: Percentages are computed as the change from 1990 to 1991.
1/ Negligible exports reported during comparable period last year.

Country Spotlight: Australia

Despite a sputtering Australian economy the past couple of years, the market for U.S. agricultural products "Down Under" remains good. U.S. agricultural exports to Australia have nearly doubled since fiscal 1987, reaching a record $236 million in fiscal 1991. A positive image for many U.S. products, relative to domestic and other foreign competitors in the Australian market, should help fuel continued growth.

Most Australian agricultural imports are consumer-oriented high-value products, registering $1.1 billion of the total $1.7 billion in food products imported in 1990, up from $680 million in calendar 1986. Imports of these products from the United States, while a relatively small share of the market, have grown steadily, from $43 million in fiscal 1987 to $79 million in fiscal 1991. Australian imports of intermediate products have also grown, rising from $250 million to $383 million between 1986 and 1990. The United States exported just over $100 million in intermediate products to Australia in fiscal 1991, led by beverage bases ($54 million). Since Australia is a major producer of bulk commodities, such as wheat, import demand for these products is relatively small. U.S. exports of bulk commodities to Australia totalled $41 million in fiscal 1991, led by tobacco ($22 million).

Australian consumer demographics, most notably a large number of women in the workforce (48.3 percent) and a relatively high per capita income (roughly US $17,000), suggest continued growth in the Australian demand for consumer-ready products. While the European Community, particularly Great Britain, and New Zealand are the primary suppliers of these products to Australia, U.S. shippers have established niche markets in several areas. Significant U.S. exports of consumer-ready products to Australia include processed fruits and vegetables ($20 million in fiscal 1991, up from $12 million in fiscal 1987), tree nuts ($15 million, up from $11 million), and dairy products such as ice cream ($6 million, up from $1 million). Combined, the value of these three categories accounted for 52 percent of total consumer-oriented trade with Australia in 1991.

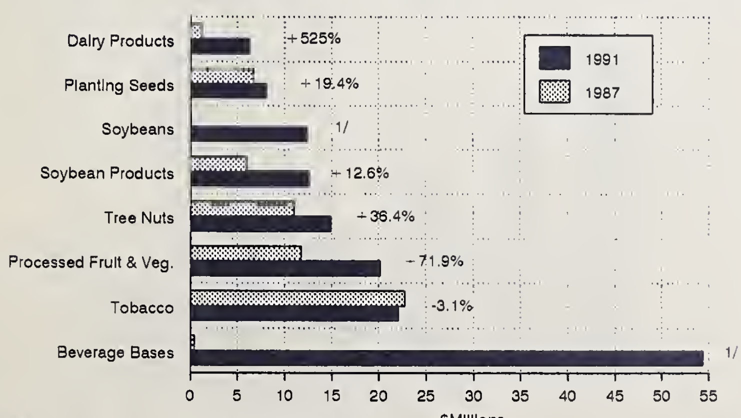
U.S. exporters currently shipping to Australia offer a variety of reasons for the steady growth in Australian demand for U.S. products. A large shipper of frozen vegetables from the Northwest has found that the Australians generally regard U.S. vegetables as better products than their domestic versions. A well-developed infrastructure for frozen foods in Australia has also helped by insuring high-quality arrivals at retail. A representative of a West Coast tree nut trade association pointed to the Australians' European tastes as a main factor in their continued strong demand for U.S. nut products.

While U.S. shippers of consumer-ready products to Australia have traditionally relied on retail marketing channels in Australia, Richard Fritz, an assistant director for Agricultural Development and Marketing at the Oregon Department of Agriculture, said that the Australian foodservice sector holds the most promise for U.S. shippers in the future. Fritz has found that foodservice brokers, filling orders mainly from hotels and restaurants, often buy containerloads of U.S. products whereas buyers for Australian supermarket chains tend to buy smaller lots. This reduces the landed cost per unit for U.S. goods in Australia, thus making them more price competitive. High retail prices on most U.S. consumer-ready goods relative to the competition in Australia is regarded by many U.S. shippers as a major impediment to their gaining more share of the Australian consumer-ready market.

With strong cultural ties between Australia and the United Kingdom and a recently implemented Australia-New Zealand free trade agreement, the United States is unlikely to become a primary supplier of agricultural products to Australia. However, U.S. shippers willing to develop niche markets often find that Australian consumer demographics and westernized tastes can lead to strong demand for their products.

For more information, contact Mike Woolsey, (202) 690-2148

U.S. Food Exports to Australia Making Gains



1/ Negligible exports reported during comparable period

Interested in exporting to Australia? Contact *John Riesz*, FAS Attache in Canberra.
Telephone: (011-61-6)270-5854
FAX: (011-61-6)273-1656.

Product Spotlight: Snack Foods

Agricultural Trade Highlights' product spotlight continues this month with a look at the international snack food industry. Similar to the four commodities profiled so far--bakery products, breakfast cereals, pet foods, and beer--U.S. exports of snack foods have also exhibited rapid growth over recent years, registering nearly $600 million in 1991.

The recent trend in snack food exports reflects a dynamic industry which has taken some aggressive steps at promoting its products abroad. This feat has been accomplished by companies that have responded effectively to the evolving tastes of consumers around the world. In many cases, this has required experimenting with new tastes, flavors, product themes, and brighter packaging. Most importantly, however, it appears that snack food companies have benefitted significantly from aggressive marketing and promotion strategies which have helped to respond to the growing wave of health-consciousness so apparent in current food trends.

For the United States, this situation has translated into growing sales of snack foods, both domestically and abroad. Since 1986, U.S. exports of snack foods have almost quadrupled, rising from $155 million to $587 million in fiscal 1991. This figure is at a record level, and represents a significant increase over 1990's exports of $473 million. While growth has been consistent over the past decade, indications are that this trend will continue to pick up steam. In fact, FAS analysis suggests that at its current pace, U.S. snack food exports could reach the $1-billion mark by the mid-1990's.

Furthermore, U.S. exports of snack foods reached $75 million in the first month of fiscal 1992--28 percent greater than last October. Although it is still early, at this pace, snack food exports could reach $750 million this year. And, according to industry sources, there appears to be no reason that growth will not continue.

Salty Snack Foods

The group of products that FAS has designated as snack foods encompasses a wide range of products that can be divided into two distinct categories--the salty snacks and the confectionaries/sweet snacks. The salty snacks include potato and corn chips, pretzels, extruded snacks (such as Cheetos), and popcorn. Both here in the United States and abroad, the most popular salty snack item is the potato chip. In 1990, U.S. consumers averaged 6.2 pounds per capita, nearly double the level of its closest competitor, the corn chip. Abroad, however, per capita consumption of salty snacks and consumption patterns tend to vary widely, as cultural influences make their way into eating and snacking habits.

Interestingly, while U.S. exports of salted snack foods have performed well in recent years, this group of snack foods has not experienced the success in foreign markets as has its counterpart, the sweet snacks. Of the total $587 million in snack food exports registered in fiscal 1991, U.S. exports of salted snack products accounted for roughly 23 percent, or $132 million. Compared to 5 years ago, this share has actually fallen. In fiscal 1986, U.S. exports of salted snacks registered $39 million and accounted for 25 percent of total snack food exports. Nonetheless, foreign sales of this snack group have shown measurable growth, with 1991 exports reaching the highest level ever, and fiscal 1992 is off to a good start as well. At $14.5 million, October statistics show exports of this category up 13 percent over the same month last year.

The lower profile of salted snacks vis-a-vis the sweet snacks can be explained by the nature of the product. As domestic industries such as Frito-Lay--the number one salted snack food manufacturer in the United States--tap successfully into foreign markets, the practice has been to set up production in the foreign country. This is often necessitated by the relatively short shelf life--only 35 days in most cases--and fragility of these products, which is critical in the shipping process. While transplanting production tends to improve the competitive position of the company, unfortunately, the United States loses the sale of the finished product as an export. The news is not all bad, however, as many companies continue to source ingredients, such as potatoes and spices, from the United States.

Interestingly, one company has discovered a way to ease the perishability problem. The maker of Pringles potato chips packages their product in cans which weathers the shipping process much better than the traditional bags. Consequently, other companies are following suit and experimenting with different packaging schemes which would improve their ability to ship their products over longer distances.

Canada tops the list of the best market for salted snack products. At $38 million in 1991, Canada has grown by 153 percent over the past 5 years and accounts for nearly 30 percent of U.S. salty snack exports. Industry sources credit the country's proximity as being instrumental to its success. Next to Canada, the EC registered $21 million in U.S. salty snack purchases in 1991, up from only $6 million in 1987. Among the EC countries, the United Kingdom tops the list at $7 million--one-third of the EC market. In fact, the United Kingdom has recently attained the status as the second-largest salted snack food market in the world (behind the United States), due in large part to the persistence and determination of the U.K. snack industry.

In the United Kingdom, as in many large and emerging consumer markets, the snack industry has come under attack by groups criticizing the nutritiousness of their product. Fortunately for the industry, however, convenience has won over, as snack food sales and per capita snack food consumption continue to climb in countries around the world.

Rounding out the top markets for salted snacks are Taiwan ($7.2 million), Sweden ($6.5 million), Mexico ($5.7 million), and Korea ($5.3 million). Despite its location, U.S. salty snack exporters have not had the success in Mexico as they have experienced in Canada. This situation, according to one industry source,

may be changing in the near future as import laws become more liberalized. Prior to 1988, importation of most consumer goods were banned, and since this time, U.S. snack food exporters have seen sales nearly triple. However, the biggest obstacle that U.S. salty snack exporters may face is adjusting to the very established and demanding Mexican market, which so far prefers their own products to the U.S. brands.

Confectionaries/Sweet Snacks

The products which have provided most of the growth in snack food exports is the confectionary group. The confectionaries contain most chocolate-based snack items (such as candy bars), sugar-based non-chocolate candy products, puddings, cookies, cakes, and pastries and other similar baked products. Unlike potato chips, the confectionaries tend to hold up better in the shipping process.

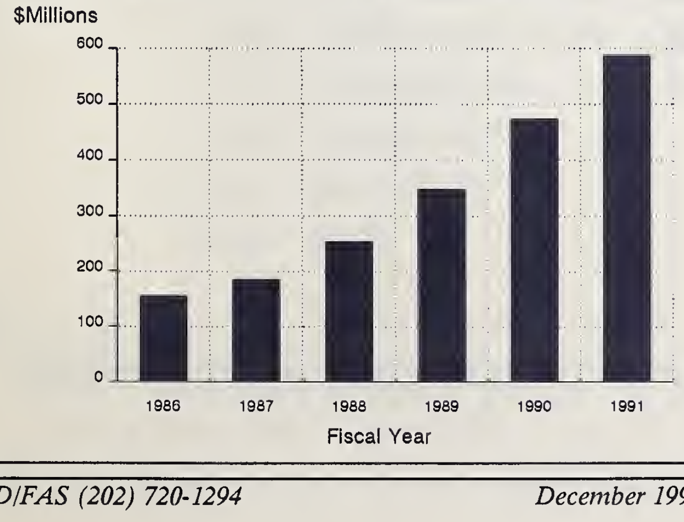
Since fiscal 1986, U.S. exports of sweet snacks have grown nearly fourfold, from $116 million to $454 million in 1991. In addition, trade statistics for the first month in fiscal 1992 place U.S. exports of confectionary/sweet snack products at $60 million--33 percent ahead of last year at the same time.

The top U.S. exports among the sweet snacks include the cakes and pastries ($90 million in 1991), chocolate products ($169 million), candy ($57 million), and cookies ($56 million). In the United States, consumption in 1989 was roughly 20.3 pounds per capita, up from 16.1 pounds in 1980, and well on the way to the industry's projection of 25 pounds by 1995. Fortunately, the sweet tooth is a global phenomenon and has provided many U.S. producers the opportunity to tap into foreign markets.

Similar to the salty snack complex, Canada is the most valuable market for the confectionary industry. At $232 million in 1991, Canada accounted for over half of total shipments. U.S. exporters have also seen this market take off in the last 5 years, rising from only $55 million in 1987. One company, M&M Mars, has been especially instrumental in the expansion of U.S. sweet snack exports. Although they have been exporting to Canada since the 1970's, Mars has seen their sales expand measurably in the last 5 years due in part to increased marketing efforts and Canada's affinity for U.S. sweet snack products.

Other important sweet snack markets for U.S. manufacturers include Mexico ($61 million), Japan ($49 million), Korea ($17 million), and Hong Kong ($12 million). As the second-largest sweet snack market, Mexico has virtually appeared out of nowhere in the last 5 years, rising from only $2.7 million in fiscal 1987. Industry sources credit this rapid growth to the recent liberalization which has boosted sales for many food products. Prior to 1987, U.S. sweet snack companies could only sell their products to border cities and any sales to the interior required permits which were nearly impossible to obtain. It is felt that the potential of the Mexican market has barely been tapped and should be a continued source of growth for the future.

U.S. Snack Food Exports Near $600 Million in 1991



In Asia, the sweet snack industry has had some interesting experiences. Prior to 1988, Japan was a growing market, peaking in fiscal 1989 at $66 million. However, growth has not only dissipated, but sales have actually declined by 26 percent in the last 2 years. What has occurred in the Japanese market is the emergence of its own formidable snack food industry in response to the success of U.S. sweet snacks. Prior to the development of its own industry, M&Ms and Snickers had penetrated 80 percent of the Japanese population. In order to be more competitive, U.S. companies have begun to increase their marketing efforts and have also begun shipping product out of plants in Australia. These same strategies are being applied to the other two large Asian markets, Korea and Taiwan, as price becomes an increasingly important issue in these countries.

For the confectionary and sweet snack industry, successful marketing promotions have included predominantly point-of-purchase promotions and television advertising. The theme has been to promote snack food products as being healthy, nutritious, and high energy. Snack companies have also been eager to emphasize holidays, and in the case of Japan, have even re-introduced Halloween to the consumers.

Aggressive marketing strategies, including activities mentioned above, have given U.S. snack food exporters the edge in a very competitive and dynamic global industry. Growth over the past decade has clearly reflected a positive attitude on the part of the snack industry as it has strived to bring to consumers around the world, new, more nutritious, and better-tasting snack products. Given this continued success, U.S. exports of salty and sweet snack foods could become a billion-dollar industry by the middle of the decade.

For more information, contact Lori Huthoefer, (202) 720-1034

World Food Price Survey for December 1991; Brasilia Remains Lowest-Cost Capital--Tokyo the Highest

Travelers looking for a bargain this year should consider Brasilia. A food price survey conducted in November by the Foreign Agricultural Service (FAS) indicates that prices in Brasilia are the lowest among the 18 capitals surveyed. The cost of the 15-item market basket surveyed was $27 in Brasilia, with Pretoria and Mexico City next in cost at $41 and $42, respectively. On the other hand, Tokyo again increased its lead as the most expensive city at $155, outdistancing second-place Stockholm by a significant amount--$42.

Since the May survey, the dollar cost of the 15-item market basket declined in 5 of the 18 capitals surveyed, and rose in 13. The weakening of the dollar is largely responsible for the increase. The largest changes in dollar terms were a 25-percent rise in Pretoria, while Washington D.C. experienced a decline of 14 percent since the May survey. It should be noted that the relatively large decline in Washington reflects some seasonal variation of the items in the market basket. In contrast, the decline from 12 months ago for Washington is only 2 percent.

. . . Tokyo again increased its lead as the most expensive city at $155, outdistancing second-place Stockholm by a significant amount--$42.

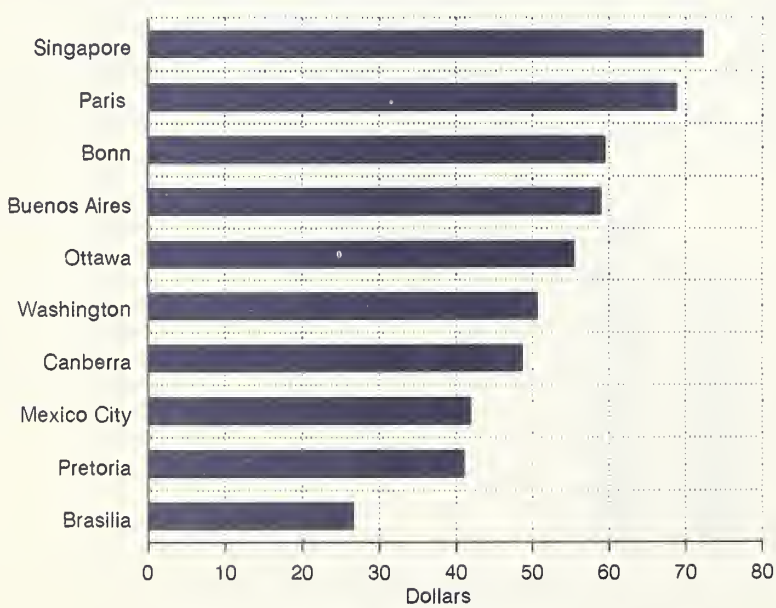
Apples and potatoes led the price increases in Pretoria--rising 50 and 46 percent respectively--in both local currency and dollar terms. Orange and cheese prices dropped 43 and 26 percent, respectively, for Washington and reflect a recovery in orange supplies as well as a reduction in dairy support prices for cheese.

Although no 15 items selected would accurately represent a typical market basket of goods purchased for the world as a whole, the 15 items chosen for this survey do represent commonly purchased goods from many Western countries. As income declines, this basket would become increasingly unlike the actual purchases of goods. If the same combination of goods were purchased by consumers in Seoul, Pretoria, Mexico City, or Buenos Aires, they would spend a greater percentage of their income on food. In Korea, it would absorb 80 percent of the average weekly per capita income; in South Africa, 74 percent; Mexico City, 68 percent; and Buenos Aires, 56 percent of income. While food costs in most of these capitals is actually quite low, the per capita income is also low, making food a relatively more expensive item.

Each of the cities just mentioned is listed in the bottom five in income of the countries surveyed. The lowest cost cities surveyed as a percentage of income are Washington D.C., at 12 percent (up from fourth place in the May survey), followed by Ottawa at 13 percent, and Bonn and Canberra, both at 14 percent.

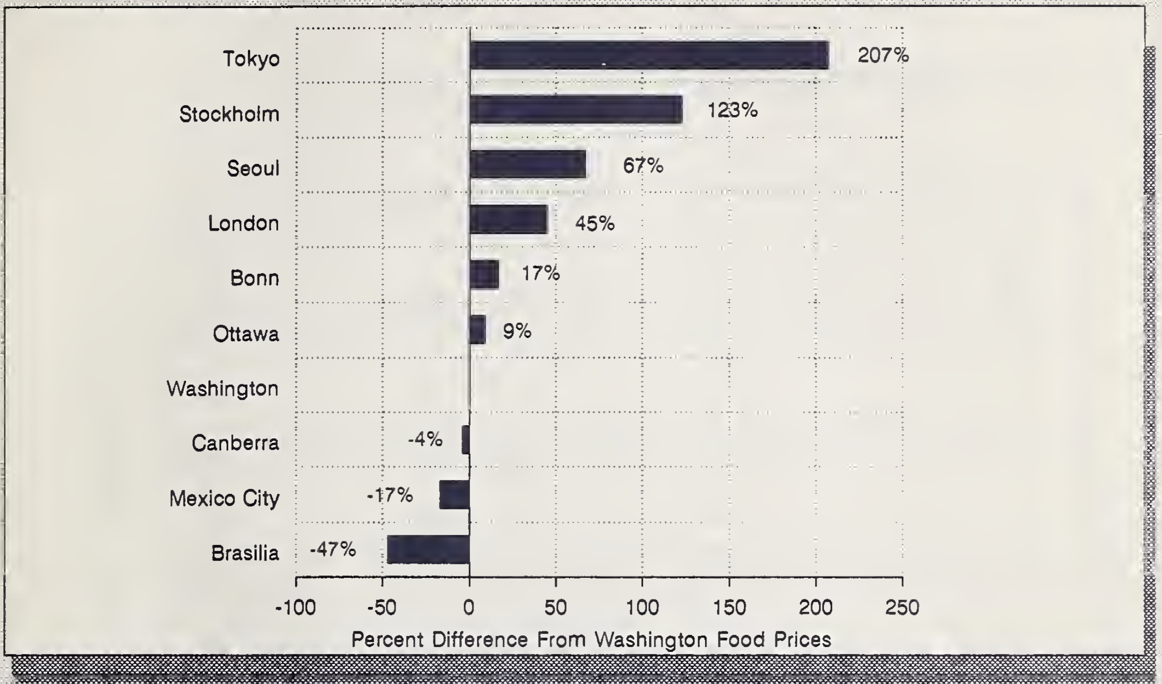
Twice a year the world food price survey is conducted by FAS attaches in the same 18 world capitals. The price listed for each item is the average retail price collected from a sample of local supermarkets. Such price information makes comparison of similar commodity prices possible for different countries.

Washington Among 10 Lowest-Cost Capitals for Food

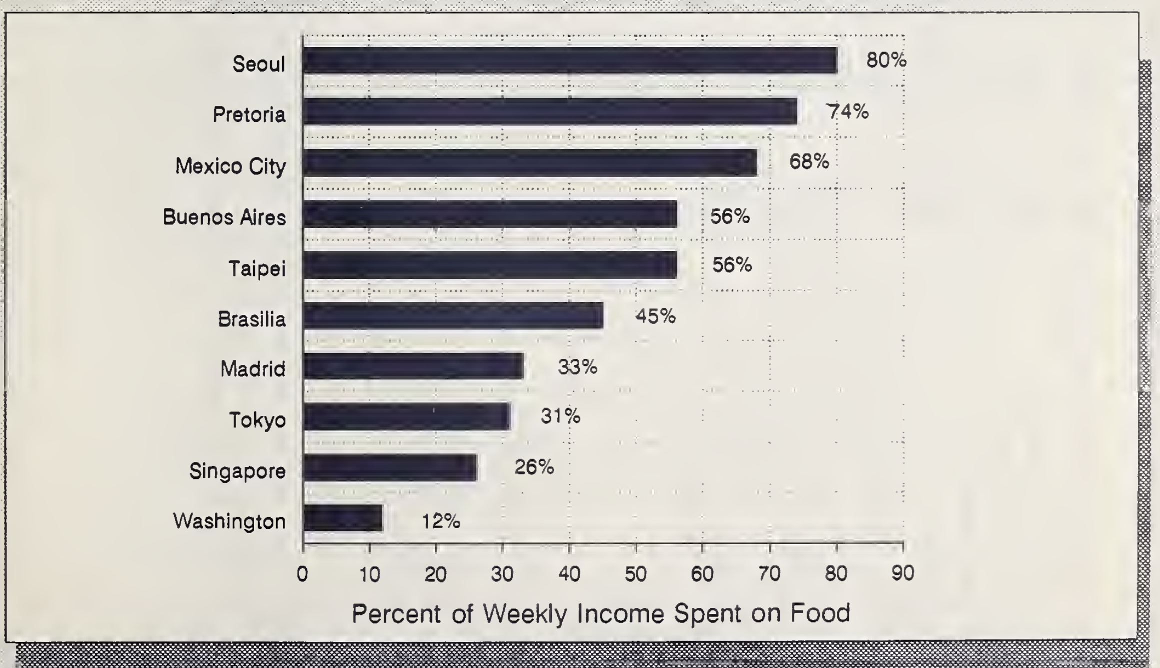


For more information, contact Thomas St. Clair at (202) 720-6821.

Tokyo Food Prices 2-Times Higher Than Washington



Share of Weekly Income Spent on USDA Food Basket Highest in Seoul



World Food Price Comparisons

Current Prices in U.S. Dollars 1/

		Bern /2	Bonn	Brasilia	Buenos Aires	Canberra	London	Madrid	Mexico City	Ottawa
Steak, sirloin, boneless	Kg	34.27	13.34	3.54	6.68	8.41	20.28	15.68	6.34	7.77
Pork, roast, boneless	Kg	12.88	6.82	4.01	11.13	4.71	14.17	9.42	8.11	6.81
Broilers, whole	Kg	4.49	2.69	1.08	3.04	3.81	3.41	3.11	2.54	3.23
Eggs, large	Dozen	4.52	1.26	0.30	1.42	1.42	2.57	1.94	0.94	1.05
Butter	Kg	11.07	4.70	4.28	5.06	3.13	4.58	12.01	3.06	5.05
Cheese, Cheddar/Emmenthaler	Kg	14.00	9.35	4.15	12.85	6.25	6.81	13.16	7.33	11.78
Milk, whole	Liter	1.26	0.73	0.61	0.86	0.75	0.88	0.82	0.54	1.40
Oil, cooking	Liter	3.38	1.06	0.65	2.18	1.53	1.67	3.56	1.47	1.94
Potatoes	Kg	0.92	0.56	0.16	0.81	0.78	1.37	1.14	1.24	1.35
Apples	Kg	2.56	2.61	1.86	2.83	1.96	2.41	0.63	2.05	2.13
Oranges	Kg	1.75	1.92	0.19	1.62	1.09	2.59	2.49	0.97	1.93
Flour	Kg	1.41	0.56	0.31	0.56	1.13	0.79	1.25	0.45	1.04
Rice	Kg	2.56	2.38	4.19	2.43	1.01	1.72	2.14	1.03	2.04
Sugar	Kg	1.10	1.15	0.22	0.56	0.76	1.16	1.23	0.62	0.40
Coffee	Kg	9.18	10.29	1.04	6.88	11.92	9.03	7.07	5.20	7.50
Total November 1991		105.34	59.43	26.60	58.91	48.69	73.44	75.63	41.88	55.41
% change from May 1991 in local currency		1%	5%	229%	15%	6%	9%	5%	12%	−4%
% change from May 1991 in U.S. dollars		−6%	9%	5%	14%	6%	9%	9%	9%	−2%
% difference from Washington prices		108%	17%	−47%	16%	−4%	45%	49%	−17%	9%
Average Weekly Income 3/		$610	$431	$59	$105	$338	$317	$227	$61	$428

1/ Exchange rates used are those in effect when survey was conducted.
2/ Survey conducted in October 1991.
3/ Weekly income is based on country estimates for 1991 per capita GDP in current U.S. dollars divided by 52.

World Food Price Comparisons

Current Prices in U.S. Dollars 1/

		Paris	Pretoria	Rome	Seoul	Singapore	Stockholm	Taipei/3	Tokyo	Washington D.C.
Steak, sirloin, boneless	Kg	14.71	6.60	15.35	25.04	14.37	26.15	24.62	58.98	9.92
Pork, roast, boneless	Kg	9.76	3.43	10.90	6.82	7.66	25.77	6.08	15.02	8.88
Broilers, whole	Kg	6.07	2.65	5.09	4.07	3.71	8.50	5.12	5.88	1.81
Eggs, large	Dozen	2.40	0.96	1.78	2.42	1.37	3.44	1.18	2.21	0.95
Butter	Kg	5.33	3.83	7.27	10.09	4.31	7.23	5.88	10.21	4.52
Cheese, Cheddar/Emmenthaler	Kg	8.25	5.48	9.43	11.65	13.95	13.39	10.12	14.82	6.81
Milk, whole	Liter	0.95	0.71	1.28	1.25	1.98	1.10	1.91	1.52	0.70
Oil, cooking	Liter	2.47	1.51	1.20	1.90	2.16	7.94	1.20	3.38	2.28
Potatoes	Kg	0.80	0.67	0.81	1.57	1.20	0.91	1.28	2.38	1.17
Apples	Kg	2.79	1.31	2.42	2.23	2.63	2.88	2.45	3.95	2.38
Oranges	Kg	1.79	0.67	2.42	1.86	2.16	2.48	1.14	3.76	1.23
Flour	Kg	1.07	0.93	0.66	0.41	0.81	1.60	0.90	1.49	0.55
Rice	Kg	3.41	1.09	2.30	1.92	0.81	3.01	1.37	2.79	1.34
Sugar	Kg	1.32	0.72	1.20	0.80	0.72	1.30	1.60	1.82	0.95
Coffee	Kg	7.64	10.46	11.50	12.63	14.32	7.38	29.23	27.12	7.10
Total November 1991		68.75	41.03	73.63	84.66	72.17	113.08	94.07	155.33	50.60
% change from May 1991 in local currency		−2%	25%	4%	−2%	−5%	0%	1%	1%	−14%
% change from May 1991 in U.S. dollars		−2%	25%	7%	−6%	1%	3%	6%	7%	
% difference from Washington prices		36%	−19%	46%	67%	43%	123%	86%	207%	0%
Average Weekly Income 3/		$382	$55	$344	$106	$273	$486	$168	$495	$424

1/ Exchange rates used are those in effect when survey was conducted.

2/ Survey conducted in October/November 1991.

3/ Weekly income is based on country estimates for 1991 per capita GDP in current U.S. dollars divided by 52.

Trade Policy Updates

China Reduces Tariff Rates on Some Agricultural and Wood Products

In early November, China's Customs Department announced its intention to lower import duties on 225 different commodities, mainly raw materials and agricultural goods, effective Jan. 1, 1992. The list includes such items as berries (strawberries, raspberries, cranberries, blueberries, etc.), reduced from 80 to 60 percent, corn oil and products (from 50 to 20 percent), chocolate and sugar confectionery (from 70 to 40 percent), canned vegetables (from 60 to 50 percent), and certain wood products (from 40 to 9 or 3 percent). These reductions are a welcome first step, but they fall short of U.S. agricultural/forest product market access requests. Furthermore, the effect of these reductions will not be completely felt until phytosanitary issues (in the case of fruit) and quantitative/construction limitations (in the case of wood products) are fully resolved.

EC Extends Derogation for U.S. Coniferous Wood

The EC will not impose its kiln-dried requirements for imports of U.S. coniferous wood for another 12 months. The derogation, which was due to expire Dec. 31, 1991, provides for a mill certification system of bark removal and grub-hole control, ostensibly to control introduction of the pinewood nematode. The derogation had been granted with the understanding that alternatives to the EC kiln dried requirement, researched in 1991 under a joint Canadian-EC arrangement, will be reviewed and implemented in the coming year.

U.S.-EC Enlargement Agreement Extended for One Year

U.S. and EC officials have agreed to roll over the 1987 Enlargement Agreement through December 1992. The Enlargement Agreement compensates the United States for tariff bindings broken when Spain joined the EC. Thus, in 1992 Spain will import from non-EC sources 2 million tons of corn and 300,000 tons of sorghum at reduced levies. However, imports of certain non-grain feed ingredients can be substituted for corn or sorghum.

EC Modifies Customs Nomenclature for Corn Gluten Feed

Effective Jan. 1, 1992, tariff subheadings for corn gluten feed (CGF) will explicitly allow for the presence of corn germ meal, although the amount to be allowed remains undetermined. The new regulation also sets a 28-percent starch limit and a 4.5-percent fat limit. The EC action is in line with the Memorandum of Understanding signed by the United States and the EC on October 15.

EC Duty Reduction on Inedible Tallow

EC authorities have decided to establish the autonomous duty for yellow grease at 2 percent and make the duty retroactive to Jan. 1, 1988. In June 1990, the U.S. government implemented a temporary duty reduction for certain jam categories through Dec. 31, 1992. At the same time, the EC reduced its tariff on yellow grease from 12 percent to 2 percent for 1 year, a move designed to correct errors in converting to the harmonized system. The changes are to be made permanent under a Uruguay Round agreement.

U.S.-Austria GATT Article XXVIII: Final Accord

The final accord under GATT Article XXVIII between the United States and Austria regarding Austria's withdrawal of concessions on certain agricultural products has been signed in Geneva by both parties. The Austrian Parliament is expected to ratify the agreement by year's end. The agreement will grant the United States additional access to the Austrian market for 400 tons of U.S.- produced high-quality beef.

Mexico Closes Border to Fresh Fruit Imports

On December 11, FAS and APHIS/Mexico City received a statement from the Mexican Ministry of Agriculture (SARH) announcing that Mexico would no longer authorize imports of plums, apricots, nectarines, peaches, pears, and quinces due to Mexican concerns about the presence of Oriental fruit moth in the United States. However, after bilateral meetings held in San Antonio, the government of Mexico is expected to sign a temporary 90-day authorization this week to lift restrictions on imports of pears, thereby modifying the announced ban.

...Trade Policy Updates

Dumping Investigation on Australian Macadamia Nuts

At the request of the U.S. macadamia nut industry, the Senate Finance Committee has asked the International Trade Commission to investigate the economic and market conditions affecting world trade of U.S. and Australian macadamia nuts. The U.S. industry has alleged that Australian macadamia nuts are being illegally imported into the United States at prices below their cost of production. The investigation will be conducted under Section 332 of the Tariff Act of 1930 and a final report is due by November 1992.

Mexico Closes Border to Swine Imports

On Dec. 9, 1991, Mexico announced that imports of breeding and slaughter swine from countries infected with "swine mystery disease" (including the United States and Canada) would be suspended beginning December 15. The suspension is to last until there is a diagnostic laboratory test that will permit the certification that the disease is not present in individual animal imports. As of mid-December, the Mexicans were studying whether similar restrictions should be placed on pork and pork products. The Mexicans provided no prior notification that the import requirements would be changed. U.S. experts doubt the scientific justification for the Mexican action. The U.S. exported swine breeding stock valued at $3.3 million, slaughter animals valued at $2.2 million in 1990, and fresh/frozen pork valued at $31 million to Mexico in 1990.

EC Third-Country Meat Directive

Technical discussions held in mid-November in Washington between U.S. and EC officials to determine equivalence between the two meat inspection systems ended without an agreement on how to carry out the process. The EC insists on doing a side-by-side analysis of both inspection systems, which would be lengthy. U.S. officials indicated the need to resolve only the current inspection issues which have impeded exports of U.S. meat products to the Community. The tentative completion date for determining equivalence between the two systems is March 31, 1992.

EC Extends BST Moratorium

EC Ministers have reached a political decision to extend for 2 years the moratorium on Bovine Somatotropin (BST), a genetically engineered bovine growth hormone used to increase milk production. The moratorium was due to expire on December 31. Member states will be bound by an informal agreement not to license BST between the expiration of the current moratorium on December 31 and the time of the Council's formal adoption of the extension. Had the Council allowed the moratorium to expire without introducing other measures, the possibility that BST could make its way into the EC market would have been left open.

Materials Available

- Agricultural Trade Policy and Trade for Central and Eastern Europe (Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and Yugoslavia)--Revised December 1991
- How to Get Help With Exporting U.S. Agricultural Products to the Soviet Union (November 1991)
- USDA's Export Assistance Efforts: Concessional (Aid) and Commercial Programs (November 1991)
- U.S./Soviet Grain Trade (Revised November 1991)
- Trade Policies and Market Opportunities for U.S. Farm Exports: 1990 Annual Report (August 1991)
- Helping Small and Disadvantaged Businesses Export Food and Agricultural Products (August 1991)
- U.S. Legislation to Counter Unfair Foreign Trade Practices (Revised May 1991)

The Trade Policy Updates are prepared monthly by the Trade Assistance and Planning Office, Foreign Agricultural Service, U.S. Department of Agriculture. Interested U.S. parties may send requests for copies of materials listed above to the Trade Assistance and Planning Office, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 305-2771, FAX: (703) 305-2788.

Market Updates

China May Have Bought EC Wheat

The EC has reportedly sold 750,000 tons of wheat to China with the help of a special export subsidy, the first sale since July. Delivery would be for December-March, and would bring total EC wheat sales to China to a record 2.6 million tons. Recently, the United States sold 700,000 tons to China under the EEP and 300,000 tons remain in the initiative. These sales could imply higher import needs for China than currently forecast (14.5 million tons).

Chinese Corn Exports Could Reach Record Highs

China could hit a new record for corn exports to countries which are also primary U.S. markets. With recent increases in the estimated production and the consequent pressure on limited storage facilities, China is likely to export more corn than had been anticipated. Higher wheat prices could induce South Korea to shift some additional feed grain purchases from feed-quality wheat to Chinese corn. Last year, South Korea purchased 3.3 million tons of corn from China (2.3 million tons from the United States), but also purchased a record 2.3 million tons of feed-quality wheat.

Nigeria to Temporarily Allow Vegetable Oil Imports

The Nigerian Government is issuing waivers of the "Import Prohibition Order" on vegetable oils. Vegetable oil imports have been banned since 1986. Reportedly, this is the first exception to the ban since its imposition. The waivers specify that only rapeseed oil and palm olein oil are to be imported. Reportedly, given the flexibility of the Nigerian system, other oils may actually be imported. FAS/Washington will be working closely with FAS/Nigeria to capitalize on this import waiver for U.S. vegetable oils. Trade sources indicate that as much as 250,000 tons worth of permits have been issued. Granting of the waivers should help lower prices to consumers during the Christmas and New Year holidays and as elections approach. All imports must be completed by Dec. 31, 1991.

Korea Proposal Would Permit Strawberry Imports

In a draft regulation on November 7, Korea announced its intention to end the current ban on strawberry imports, which are currently restricted due to concerns over codling moth. The draft regulation states that recent scientific information from domestic and foreign research centers indicates that strawberries are not a host of codling moth. The comment period for the proposal ends on November 27.

Brazil Implements Anabolic Steroid Restrictions

On Aug. 1, 1991, the Government of Brazil issued a directive that, in addition to requiring a country of origin inspection certificate, also requires that all meat and meat products entering Brazil must be accompanied by an additional declaration that the products originate from animals not treated with anabolic substances. The directive also requires that laboratory tests show no residual substances above the tolerance limits established by the Brazilian Government. All state and port authorities in Brazil have been advised to implement the new requirements for imported meat and meat products. The office of the Agricultural Counselor only learned about the new requirements when notified that two containers of U.S. beef livers have been held up at the port of Rio De Janeiro. FAS/Washington is preparing a demarche.

U.S.-Taiwan Discussions Positive for U.S. Apples

Delegations from the American Institute in Taiwan (AIT) and Taiwan's Coordination Council for North American Affairs (CCNAA) held technical working group consultations in Washington, November 21-22. At the talks, CCNAA representatives expressed general satisfaction with the level of quarantine control witnessed by Taiwan authorities during a recent inspection of U.S. apple industry practices. They felt, however, that field management and plant inspection should be strengthened for control of the codling moth pest and indicated that Taiwan's quarantine regulations for apples would be amended accordingly. It was noted by the CCNAA delegation that the revisions planned will not disrupt U.S. apple exports. Exports of apples to Taiwan, one of the United States' largest foreign markets, were valued at over $35 million in 1990.

...Market Updates

Pakistan Continues to Favor Palm Oil Imports Over Soybean Oil

Pakistan's palm oil imports have nearly doubled over the past 5 years partially because of the lack of a U.S. P.L. 480 program for soybean oil since 1989/90. Pakistan has shifted from being a major world soybean oil importer to a large palm oil importer. It is doubtful that Pakistan would return to using soybean oil in the absence of significant concessionary financing. Low palm oil prices and reduced import duties also have contributed to significantly larger palm oil imports. Palm oil imports for 1991/92 are forecast at 800,000 tons, up 11 percent from 720,000 tons in 1990/91. October and November 1991 import figures show palm oil imports are 77 percent above last year. Soybean oil imports for the same months have only reached 4,000 tons.

Argentina Makes Changes to Special Tobacco Fund

The administrative duties of Argentina's Special Tobacco Fund, which provides Argentine tobacco growers with 40 percent of the grower price, have been shifted from the Secretary of Agriculture to the Ministry of Economy. In addition, now only 50 percent of the revenues collected from the 7-percent cigarette tax which supports the fund will be made available for tobacco. Consequently, in upcoming marketing years, fund revenue may not be sufficient to cover the 40 percent of grower price commitment. How this may impact the Argentine industry is still unclear. However, it is possible that downward pressure may be placed on grower prices, which in turn may affect the level of leaf production and leaf trade in Argentina. The United States is Argentina's leading leaf export market, accounting for 22 percent of leaf trade.

Milk Powder, Sugar Included in French-Soviet Barter Agreement

In addition to the previously reported 100,000 tons of French beef destined for the Soviet Union as part of the food-for-oil barter arrangement signed on October 31, 20,000 tons of dry milk powder, 100,000 tons of sugar, 7,000 tons of baby food, and perhaps other products may also be included in the package. However, the arrangement is not final and the quantities mentioned are subject to change. Timing of the deliveries is also uncertain, although reports indicate that while the oil shipments may not begin for a year or more, food shipments will begin earlier. COFACE will guarantee payment to French exporters in case the Soviets fail to deliver the oil. French banks are pushing for 100 percent coverage on the FF 1.6 billion deal ($290 million) while COFACE favors its normal 95 percent coverage. Negotiations on coverage are continuing and could take some time to be resolved.

Nestle/Mexico Inaugurates Latin America's Largest Ice Cream Plant

On October 10, in Lagos de Moreno, Jalisco, Nestle inaugurated the largest ice cream plant operating in Latin America. The $16.3 million plant, trading under the name Alimentos Findus, has the capacity to produce 50 million liters of ice cream annually and is expected to produce 10 million liters in 1992. The state of Jalisco has the largest dairy herd in Mexico, but local dairymen have recently had difficulty locating markets for all of their raw milk supply. In addition to providing a reliable market for Jalisco dairymen, the Nestle plant is expected to boost overall ice cream consumption throughout Mexico.

Mexico's Vegetable Oil Pricing and Truth-In-Lending Labeling Could Hurt U.S. Soybean Exports

Price liberalization and truth-in-lending labeling for vegetable oils, to be fully implemented in Mexico by March 1992, are expected to have a negative impact on soybean oil consumption, and thus possibly affect Mexican imports of U.S. soybeans. Consumer price controls for all vegetable oils (except corn oil) were eliminated in late October. In March 1992, the 4,500 peso price ceiling on corn oil will also be eliminated. This freeing of prices may reduce the incentive for refiners/bottlers to blend lower priced soybean oil with preferred corn, safflowerseed, and sunflowerseed oils. This blending allowed refiners/bottlers to keep retail prices within the ceilings. Further, the Mexican Government has announced it will begin rigorous inspection of consumer vegetable oils for label and content accuracy. The impact is expected to be significant because blended oils were labeled as premium oils.

...Market Updates

Taiwan Agrees to Review Potato Import Policy	Currently, Taiwan imports of fresh potatoes from the United States is banned on phytosanitary grounds. However, a Taiwan delegation expressed a willingness at the November technical talks to amend existing import regulations should an internal review and analysis of U.S.-supplied data on tobacco blue-mold support such a move.
New Zealand Dairy Board Sold 70,000 Tons of Butter to USSR	The special butter sale of last December made by the New Zealand Dairy Board to USSR will total 70,000 tons, not the full 100,000 tons as previously announced. The reported price of this butter was $1,150.00 per ton which was less than the GATT minimum export price of $1,350.00. This sale was made possible by an exemption from the GATT minimum pricing scheme that allows New Zealand and the EC to sell a total of 300,000 tons of butter to USSR below the minimum GATT export price.
Argentine Imports of U.S. Offals Causing Concern	In recent months, U.S. sweetbreads have appeared in the fanciest Buenos Aires restaurants (imports have been reported at 107 tons). The expected negative reaction from local cattlemen's associations include claims that the U.S. product, cheaper than domestic, is subsidized or somehow entered without paying local value-added taxes. They also claim that the imported products, characterized as entrails, are from hormone-treated animals and are unsafe for humans. Although there is pending legislation, growth hormones are not banned in Argentina.
Opportunities for U.S. Exports to Argentina Hindered By Sanitary Requirements	Opportunities to expand U.S. exports for a variety of agricultural products to Argentina are being hindered by outdated and often arbitrary sanitary and phytosanitary regulations. U.S. officials at the American Embassy in Buenos Aires report that they have been contacted by Argentine importers and U.S. exporters alike faced with regulatory problems for products such as sweetbreads, apples, grapes, almonds, citrus, and wood products. Cooperative efforts are being made between the United States and local officials to address the situation. Demand for imported products in Argentina have surged in recent months due to the strengthened economy, an over-valued currency, and measures aimed at trade liberalization.
Japan's Textile Mill Bankruptcies Will Likely Reduce U.S. Cotton Imports	According to news reports, Japanese textile mills are going bankrupt at an alarming rate. The report blames mainly sluggish demand for the number of bankruptcies which increased 73.6 percent from last year. Since Japan is the major U.S. cotton market, the health of its textile industry is of major concern to the United States. The United States supplies nearly 50 percent of Japan's raw cotton needs. However, since MY 1986/87, Japan's imports have declined 20 percent.
U.S. Food Exporters Prepare for MEFEX '92	FAS has just finished recruiting over 40 U.S. firms to participate in the Middle-East Food and Equipment Exposition being held in Bahrain, Jan. 11-14, 1992. The USA pavilion will boast the largest variety of U.S. beef, chicken, dried beans, rice, frozen yogurt, snacks, Tex-Mex, and grocery items ever displayed at a Middle-East trade show. FAS collected over $100,000 from exhibitors to reserve booths and cover costs associated with freight consolidation, shipping, customs clearance and public relations. MEFEX is the region's premier international food and beverage trade show primarily serving cash-rich Arabian Gulf markets.
Philip Morris Will Begin Construction of Cigarette Plant in 1992	Philip Morris has announced plans to locally produce "Marlboro" and "Parliament" in its Torbali facility in Turkey. After 5 years of formal negotiations and and the loss of a partner--TEKEL (the Turkish tobacco monopoly), construction of the plant will begin in early 1992. Production will probably reach 10 billion cigarettes per year. Currently, Philip Morris exports 12 billion cigarettes per year to Turkey. While U.S. cigarette exports to Turkey will decline, there is a potential for increased U.S. flue-cured and burley exports to Turkey, to be used in locally produced U.S.-brand cigarettes.

...Market Updates

U.S. Wheat Prices Again Undercut in Colombia

U.S. prices were reportedly undercut by as much as $50 a ton by other competing origins in Colombia's most recent international wheat tender. All contracts were awarded to Argentina. EC and Argentine prices were reportedly $45-$50 below the lowest U.S. offers, and Canadian prices were $10-$15 below. The United States has not sold any wheat to this 750,000-ton market since the July expiration of the Export Enhancement Program (EEP). Last year, the United States supplied nearly 75 percent of Colombia's imports under the EEP.

Soviet Freight Problems Delay Grain Shipments

Delinquent Soviet freight payments have delayed shipments of U.S. grain in recent days. Without additional payments, exporting companies will be reluctant to ship further grain to the USSR on an FOB basis. Delays in Soviet freight payments reflect Soviet financial difficulties and have raised repayment concerns among several creditor governments, notably the EC which has reportedly begun discussing suspension of operational and future credit programs.

Australia Unable to Meet Wheat Commitment to Egypt

Australia's failure to fulfill Egypt's request for 1.5 million tons of wheat under an LTA could result in additional U.S. wheat sales to Egypt during the summer and fall of 1992. Because of tight Australian wheat supplies--resulting from sharply reduced production--the Australian Wheat Board was able to provide only 650,000 tons to Egypt. Credit terms have not been disclosed.

South Africa Suspends Corn Exports

South Africa's decision to suspend 300,000-500,000 tons of export sales of corn over the next few months could help expand U.S. sales to Japan, which is South Africa's major corn market. South Africa is fearful of another poor harvest, and has commitments to neighboring countries. Strategic stocks and adequate domestic supplies must be assured before additional exports can be committed. In addition to the United States, China continues to sharply expand its corn exports to Japan.

Yugoslavia's Civil War and EC Sanctions Reduce Cotton Consumption

USDA reduced Yugoslavia's cotton imports and consumption estimates this month as the country's civil war disrupted consumer purchases, reduced availability of foreign exchange, and caused the closing of several cotton textile mills. Further exacerbating the situation are the EC's trade sanctions which have reduced cotton textile exports and may even force the closing of efficient, export-oriented cotton textile mills. Previously, over 70 percent of Yugoslavia's textile exports were to the EC, the European Free Trade Association (EFTA), the United States, and Canada. The sanctions have Yugoslav exporters scrambling to find markets for their products in less traditional markets. Yugoslavia's cotton imports are expected to reach only 230,000 bales in MY 1991/92 (Aug.-July), 65,000 bales less than in MY 1990/91. U.S. cotton exports to Yugoslavia were expected to increase in MY 1991/92, but as of December 12, no exports were reported for the year.

Argentina's National Meat Board Abolished

The Government of Argentina has abolished its 60-year-old National Meat Board. The Agriculture Department will assume the statistical functions of the Meat Board and manage the beef quotas with the EC. This move also abolishes the price setting functions of the Meat Board and deregulates the market. Market operations will now function through private industry, a move that the Argentines expect will bring down costs. Indications are that the domestic economy will benefit primarily from this change, but some advantage could also accrue to the trade sector. Beef consumption in Argentina has been generally declining since 1986. Beef exports have been low to moderate since 1982, registering only 451,000 tons in 1990.

...Market Updates

Ireland Agrees to Resume Beef Exports to Iran

The Irish Ministry of Agriculture recently announced the resumption of beef exports to Iran. The announcement was the culmination of a series of meetings the Irish have had with Iranian officials over the past year in an effort to restart beef exports to that country. The resumption of exports to Iran comes at a time when the Irish beef sector has been hit hard by sharply falling prices, mainly because of a collapse of third-country markets and record-level intervention stocks. Irish beef exports to Iran totaled 62,000 tons in 1989, but were discontinued in 1990 due in large part to Iranian fears about the cattle disease Bovine Spongiform Encephalopathy.

Soviet Wool Processing Industry Could Collapse in 1992

Soviet wool industry officials predict there will be a collapse of the Soviet wool processing industry in 1992 unless a new agreement (including a credit component) is concluded with the Australian Government for 1992 wool supplies. The financial effect on Australian wool growers, exporters, and the Australian Government is estimated at roughly $2 billion (Australia) in 1992 alone. The Australian government is, however, reluctant to enter new credit arrangements because of current payment difficulties with the Soviet Bank for Foreign Economic Relations. The political and financial uncertainties surrounding the new republics of Russia, the Ukraine, and Byelorussia--which absorb between 85 and 90 percent of Australian wool imported--add further questions for the Australians. Soviet wool industry experts in Moscow calculate that failure to restart Australian wool shipments to the Soviet republics will soon force a sizable number of mills to close. The leading Moscow textile mill is now operating less than 50 percent of capacity. On the Australian side, the failure of a new supply agreement is expected to result in at least a 30-percent drop in already critically-depressed prices.

Japan Refuses to Allow Imports of U.S. Bovine Embryos

The Government of Japan (GOJ) refuses to finalize a health protocol, agreed to by GOJ and U.S. government officials in early spring 1991, to permit imports of U.S. bovine embryos. There are no outstanding health concerns preventing implementation of this protocol. The Ministry of Agriculture, Fisheries, and Forests (MAFF) states that it wants to wait until an on-going MAFF research project regarding embryo washing is completed. The MAFF's view is that further research will develop new washing techniques which will obviate the need for testing even more diseases. In 1990, Japan imported U.S. breeding cattle valued at a total $8.2 million and U.S. bovine semen valued at $2.2 million. There is strong industry interest, because of the United States' competitive advantage in animal genetics, in obtaining access for U.S. bovine embryos as well.

USDA Announces Soviet Union Commodity Allocation for GSM-102 Credit Guarantees

CCC announced the commodity allocations for the $1.25-billion credit guarantee package announced on November 20. Of the total, $600 million is now operational. Commodities allocated include wheat, feed grains, protein meals, soybeans, vegetable oils, hops, and almonds. The remaining $650 million will be made available in allocations of $200 million each on February 1 and March 1, 1992, and $250 million on April 1, 1992.

Food Aid Agreements Signed With El Salvador and Panama

El Salvador's FY 1992 P.L. 480 Title I program for $30 million was approved by the Salvadoran Congress on Nov. 27, 1991 and signed on December 4. The agreement will now be sent to Washington for counter-signature by the FAS General Sales Manager. On December 3, the GSM signed Panama's FY 1992 Food-for-Progress agreement, providing for delivery of 7,000 tons of vegetable oil worth about $4 million (including freight).

P.L. 480 Title I

Cumulative sales through December 12. Fiscal year 1992 P.L. 480, Title I sales registered to date total $15 million (about 85,000 tons). Jamaica has purchased 32,000 tons of wheat, 31,000 tons of yellow corn, and 22,000 tons of rice.

Export Enhancement Program (EEP)

The total amount awarded under the EEP with the 5-percent upward tolerance is $454,499,814.23.

November 15. USDA accepted bids for 7,000 tons of soybean oil to the Dominican Republic, 5,000 tons of soybean oil to Mexico, and 1,200 tons of whole frozen broilers to the United Arab Emirates and Oman.

November 18. USDA accepted bids for 75,000 tons of wheat to Tunisia and 1,000 tons of soybean oil to Turkey.

November 19. USDA accepted bids for 499,600 tons of wheat to China.

November 20. USDA accepted a bid for 3,000 tons of soybean oil to Turkey.

November 21. USDA accepted bids for 200,000 tons of wheat to China.

December 2. USDA accepted bids for 25,500 dozen white table eggs to Hong Kong.

December 3. USDA accepted a bid for 5,000 tons of wheat flour to the West and Central African countries.

December 5. USDA accepted bids for 250,000 tons of wheat to Egypt, 5,355 tons of hard red winter wheat to West and Central African countries, and 15,000 tons of soybean oil to the Soviet Union.

December 6. USDA accepted bids for 513,700 tons of wheat and 35,000 tons of soybean oil to the Soviet Union.

December 9. USDA accepted bids for 1,189,200 tons of wheat to the Soviet Union, 6,000 tons of soybean oil to Tunisia, and 77,000 dozen extra large white table eggs to Hong Kong.

December 10. USDA accepted bids for 255,000 tons of wheat to the Soviet Union, 1,000 tons of wheat flour to West and Central African countries, 25,000 tons of barley to Cyprus, and 600 tons of long grain milled rice to Poland.

December 11. USDA accepted a bid for 400 tons of long grain milled rice to Czechoslovakia.

December 12. USDA accepted bids for 6,000 tons of soybean oil to Tunisia, 20,000 tons of soybean oil to China, and 1,240 tons of soybean oil to Turkey.

December 13. USDA accepted bids under the EEP for 14,880 tons of northern/dark northern spring wheat to Trinidad and Tobago and 49,600 tons of barley to Jordan.

December 16. USDA accepted a bid under the EEP for 4,000 tons of cottonseed oil to Turkey.

December 17. USDA accepted a bid under the EEP for 3,000 tons of soybean oil to Turkey.

December 18. USDA accepted bids under the EEP for 2,500 tons of barley malt to Venezuela and 1,540 MT of soybean oil to Turkey.

December 19. USDA accepted bids under the EEP for 279,600 tons of wheat to Egypt; 25,000 tons of hard amber durum wheat to Poland; and 12,000 tons of soybean oil to Morocco.

Dairy Export Incentive Program (DEIP)

November 18. USDA accepted a bid under the DEIP for 30 tons of whole milk powder to Cameroon.

November 19. USDA accepted bids for 4,090 tons of nonfat dry milk to Algeria.

U.S. Agricultural Exports by Major Commodity Group

Monthly Performance Indicators and Fiscal Year Forecasts

	October 1990	October 1991		Fiscal Year 1991	Fiscal Year 1992(f)	
	--Bil.$--	--Bil.$--	Change	--Bil.$--	--Bil.$--	Change
Grains & feeds 1/	1.048	1.170	12%	12.544	12.9	3%
Wheat	0.268	0.371	38%	2.857	3.5	23%
Wheat flour	0.013	0.005	−60%	0.201	NA	NA
Rice	0.085	0.063	−26%	0.751	0.8	7%
Feed grains 2/	0.382	0.465	22%	5.653	5.3	−6%
Corn	0.301	0.390	29%	4.872	4.6	−6%
Feeds & fodders	0.168	0.161	−4%	1.926	NA	NA
Oilseeds & products	0.362	0.518	43%	5.691	6.2	9%
Soybeans	0.194	0.309	60%	3.464	3.9	13%
Soybean meal	0.057	0.089	56%	0.978	1.2	23%
Soybean oil	0.024	0.022	−9%	0.192	0.2	4%
Other vegetable oils	0.034	0.020	−42%	0.412	NA	NA
Livestock products	0.525	0.508	−3%	5.545	5.4	−3%
Red meats	0.204	0.239	17%	2.481	NA	NA
Hides & Skins	0.123	0.105	−14%	1.439	NA	NA
Poultry products	0.093	0.109	18%	1.007	1.1	9%
Poultry meat	0.068	0.083	22%	0.726	NA	NA
Dairy products	0.020	0.049	142%	0.367	0.5	36%
Horticultural products	0.587	0.643	10%	6.020	6.5	8%
Unmanufactured tobacco	0.106	0.068	−36%	1.533	1.6	4%
Cotton & linters	0.138	0.090	−34%	2.619	2.5	−5%
Planting seeds	0.045	0.057	26%	0.625	0.7	12%
Sugar & tropical products	0.153	0.177	16%	1.582	1.7	7%
Wood products	0.477	0.511	7%	6.419	NA	NA
Total Ag. export value	3.078	3.391	10%	37.533	39.0	4%

	--MMT--	--MMT--	Change	--MMT--	--MMT--	Change
Grains & feeds 1/	7.403	8.737	18%	95.508	NA	NA
Wheat	2.272	3.348	47%	26.691	28.8	8%
Wheat flour	0.067	0.023	−66%	1.074	1.1	2%
Rice	0.284	0.188	−34%	2.418	2.3	−5%
Feed grains 2/	3.502	4.168	19%	51.802	46.9	−9%
Corn	2.743	3.471	27%	44.496	40.0	−10%
Feeds & fodders	1.037	0.832	−20%	11.397	11.5	1%
Oilseeds & products	1.249	1.972	58%	22.096	NA	NA
Soybeans	0.810	1.372	69%	15.139	17.7	17%
Soybean meal	0.262	0.392	49%	4.648	5.4	16%
Soybean oil	0.039	0.045	15%	0.354	0.5	41%
Other vegetable oils	0.049	0.024	−50%	0.62	NA	NA
Livestock products 3/	0.160	0.225	40%	2.32	NA	NA
Red meats	0.059	0.076	28%	0.744	0.8	8%
Poultry products 3/	0.065	0.074	13%	0.644	NA	NA
Poultry meat	0.063	0.070	11%	0.614	0.7	14%
Dairy products 3/	0.011	0.027	153%	0.222	NA	NA
Horticultural products 3/	0.498	0.520	4%	5.048	5.5	9%
Unmanufactured tobacco	0.015	0.011	−30%	0.239	0.2	−16%
Cotton & linters	0.084	0.058	−31%	1.598	1.6	0%
Planting seeds	0.031	0.059	94%	0.517	NA	NA
Sugar & tropical products 3/	0.088	0.093	6%	1.162	NA	NA
Total Ag. export volume 3/	9.60	11.78	23%	129.35	130.0	1%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

U.S. Agricultural Export Value by Region

Monthly Performance Indicators and Fiscal Year Forecasts

	October 1990	October 1991		Fiscal Year 1991	Fiscal Year 1992(f)	
	--Bil.$--		Change	--Bil.$--		Change
Western Europe	0.738	0.678	−8%	7.310	7.4	1%
European Community 1/	0.683	0.623	−9%	6.774	6.9	2%
Other Western Europe	0.062	0.057	−9%	0.572	0.5	−13%
Eastern Europe	0.026	0.006	−75%	0.303	0.2	−34%
Soviet Union	0.018	0.209	1044%	1.716	1.9	11%
Asia	1.152	1.236	7%	14.683	15.5	6%
Japan	0.608	0.654	8%	7.718	8.1	5%
China	0.052	0.048	−8%	0.667	0.9	35%
The 4 Asian Tigers	0.326	0.365	12%	4.644	4.7	1%
Taiwan	0.105	0.113	8%	1.736	1.7	−2%
South Korea	0.155	0.174	12%	2.159	2.3	7%
Hong Kong	0.065	0.077	18%	0.744	0.7	−6%
Other Asia	1.093	1.176	8%	14.272	1.8	−87%
Pakistan	0.037	0.021	−43%	0.143	0.2	39%
Philippines	0.049	0.032	−34%	0.373	0.4	7%
Middle East	0.124	0.130	4%	1.330	1.7	28%
Iraq	0.000	0.000	0%	0.000	0.0	0%
Saudi Arabia	0.056	0.056	−1%	0.481	0.6	25%
Africa	0.158	0.169	7%	1.819	1.8	−1%
North Africa	0.114	0.125	9%	1.325	1.3	−2%
Egypt	0.052	0.068	32%	0.692	0.6	−13%
Algeria	0.038	0.037	−3%	0.422	0.5	18%
Sub Saharan Africa	0.043	0.045	2%	0.493	0.5	1%
Latin America	0.432	0.451	4%	5.474	5.5	0%
Mexico	0.217	0.232	7%	2.872	2.9	1%
Other Latin America	0.215	0.218	2%	2.601	2.6	−0%
Brazil	0.017	0.018	10%	0.271	0.3	11%
Venezuela	0.022	0.024	9%	0.307	0.4	30%
Canada	0.367	0.417	14%	4.395	4.7	7%
Oceania	0.038	0.055	46%	0.344	0.3	−13%
World Total	3.079	3.391	10%	37.534	39.0	4%

1/ Excluding East Germany prior to fiscal 1991; including East Germany in fiscal 1991.

U.S. Agricultural Imports

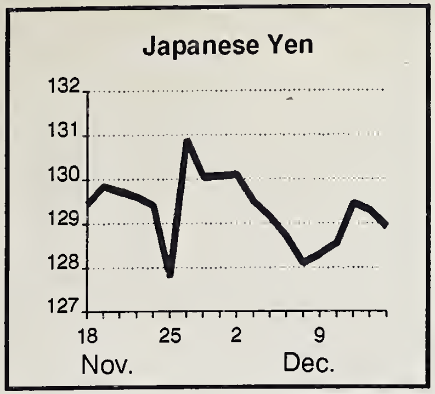
Monthly Performance Indicators and Fiscal Year Comparisons*

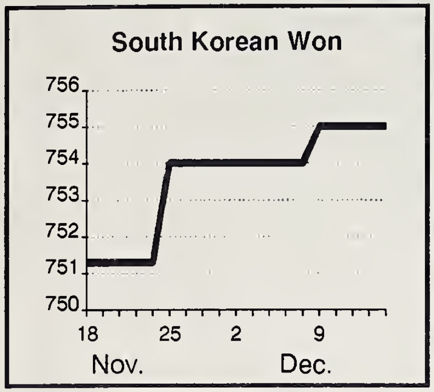
By Commodity ($Millions)	October 1990	October 1991	% Change	Fiscal Year 1990	Fiscal Year 1991
Fruits and vegetables	684.3	681.0	-0.5%	8,300.4	8,239.9
Bananas and plantains	83.4	82.0	-1.7%	909.7	970.9
Other fresh fruits	30.9	36.8	19.1%	742.0	828.7
Fruit and veg. juices	73.2	58.9	-19.5%	1,011.8	745.0
Edible tree nuts	46.4	45.6	-1.7%	354.3	429.7
Wine and wine products	126.4	127.9	1.2%	928.0	935.6
Sugar and tropical products	467.5	439.7	-5.9%	5,802.0	5,586.5
Sugar & related products	95.6	51.8	-45.8%	1,121.7	1,134.9
Cocoa & cocoa products	83.6	107.9	29.1%	1,042.2	1,004.5
Coffee & coffee products	163.4	129.3	-20.9%	1,997.4	1,830.5
Spices	25.2	32.6	29.4%	338.5	328.2
Rubber & allied products	46.7	64.4	37.9%	710.1	662.4
Livestock and products	407.3	365.0	-10.4%	4,490.4	4,715.3
Live animals	103.1	98.1	-4.8%	1,053.5	1,130.6
Beef and veal	156.1	145.0	-7.1%	1,843.8	2,024.8
Pork	93.8	63.6	-32.2%	916.7	891.1
Grains and feeds	128.8	148.9	15.6%	1,213.0	1,305.3
Oilseeds and products	86.3	88.6	2.7%	899.2	915.6
Cotton and products	13.1	13.6	3.8%	174.4	180.1
Tobacco products	49.1	105.4	114.7%	588.0	698.2
Dairy and poultry products	82.6	90.3	9.3%	1,070.5	916.1
Agricultural Total	1,918.9	1,932.5	0.7%	22,537.9	22,556.9

By Region ($Millions)	October 1990	October 1991	% Change	Fiscal Year 1990	Fiscal Year 1991
EC-12	464.4	474.6	2.2%	4,436.9	4,423.8
Italy	88.2	96.2	9.1%	681.4	743.1
France	83.0	86.0	3.6%	729.8	718.1
Netherlands	80.3	75.6	-5.9%	835.8	782.7
North America	438.1	446.2	1.8%	5,662.6	5,729.4
Canada	308.5	323.8	5.0%	3,094.5	3,206.2
Mexico	129.6	122.5	-5.5%	2,568.1	2,523.1
South America	327.3	285.2	-12.9%	3,829.4	3,742.4
Brazil	147.1	111.6	-24.1%	1,548.0	1,319.6
Colombia	58.6	60.7	3.6%	791.5	766.1
Other Asia	219.3	255.3	16.4%	2,806.6	2,843.0
Indonesia	51.0	70.3	37.8%	681.5	658.6
Thailand	30.0	45.0	50.0%	455.2	485.5
Oceania	152.2	145.5	-4.4%	2,025.6	2,164.9
Australia	108.1	95.3	-11.8%	1,165.0	1,277.6
New Zealand	42.8	48.2	12.6%	818.4	856.3
Central America	102.5	89.6	-12.6%	1,363.8	1,322.2
Middle East	39.6	58.8	48.5%	391.0	405.7
Other Africa	47.1	48.7	3.4%	590.2	514.3
Other West Europe	37.6	37.1	-1.3%	366.7	411.9
USSR and East Europe	34.8	36.3	4.3%	339.1	319.3
South Asia	23.5	33.8	43.8%	317.3	308.2
Caribbean	28.8	17.5	-39.2%	375.0	319.6
North Africa	3.8	4.0	5.3%	33.5	52.1
World Total	1,918.9	1,932.5	0.7%	22,537.9	22,556.9

**Note: Fiscal 1992 forecasts are not available for the detail shown in this table*

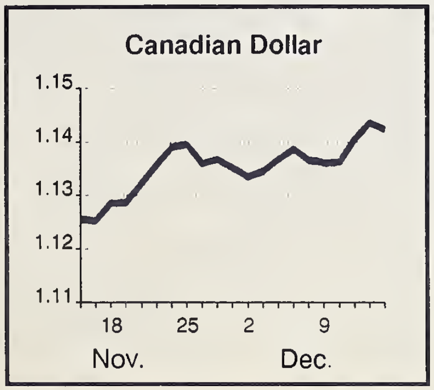
Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations (Nov. 18 - Dec. 13, 1991)

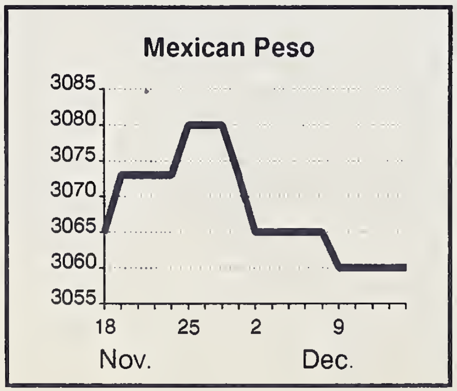


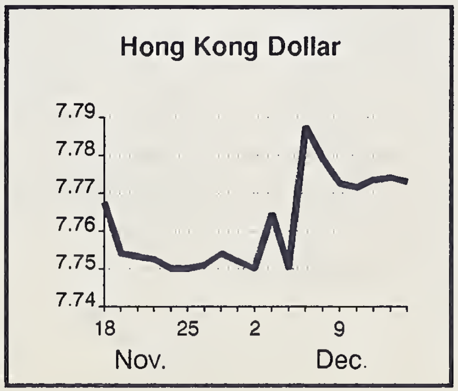


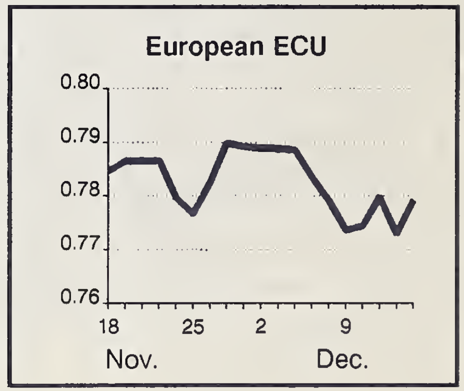
Currencies	Current Rate 12/13/91	Month Ago 11/13/91	Year Ago 12/90	% Change Year Ago 12/90
Argentine Austral	9905.89	9918.67	4924.50	101.16
Australian Dollar	1.2979	1.2723	1.3175	-1.49
Brazilian Cruzeiro	909.50	694.71	145.02	527.15
Canadian Dollar	1.1423	1.1310	1.1595	-1.48
Hong Kong Dollar	7.7703	7.7615	7.8030	-0.42
Japanese Yen	128.93	129.75	132.15	-2.44
Mexican Peso	3060.00	3073.61	2940.00	4.08
Taiwan Dollar	25.50	25.74	26.66	4.35
South Korean Won	755.00	751.30	714.50	5.67
European ECU	.77912	.80031	.72183	7.94
-British Pound	.5507	.5640	.5140	7.14
-French Franc	5.4210	5.5925	5.0250	7.88
-West German Mark	1.5875	1.6362	1.4790	7.34

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, December 13, 1991.
Source: TEID/ITP/FAS Exchange Rate Database and *Wall Street Journal.*









* U.S. G.P.O.:1991-311-338-40645/FAS

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